

# CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

#### **MINUTES OF MEETING**

**April 18, 2006** 



A meeting of the Benefits and Program Administration Committee (BPAC) was held on Tuesday, April 18, 2006, in the Lincoln Plaza North Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:00 a.m. and the following Committee Members were present:

Kurato Shimada, Chair
Rob Feckner, Vice Chair
George Diehr
Priya Mathur
Debbie Endsley, representing Michael Navarro
Tony Oliveira
Maeley L. Tom
Nick Smith, representing Steve Westly

### Other Board Members present:

Charles Valdes Mike Quevedo James Zerio, representing Philip Angelides

# AGENDA ITEM 2 – APPROVAL OF THE MARCH 14, 2006 BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE MEETING MINUTES

On **MOTION** by Mr. Smith, **SECONDED** and **CARRIED**, the minutes were approved as presented.

### AGENDA ITEM 3 – ANNUAL REQUEST FOR REIMBURSEMENT TO EMPLOYERS OF ELECTED BOARD MEMBERS

On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the Annual Request for Reimbursement to Employers of Elected Board Members is held over until the Benefits and Program Administration Committee Meeting on May 16, 2006.

#### AGENDA ITEM 4 - LEGISLATION

Lisa Marie Hammond, Chief of Governmental Affairs presented the following five legislative items:

4-A. Oppose on AB 1961 (Richman). This bill would require the Bureau of State Audits to conduct and complete an audit of CalPERS actuarial function, on or before December 31, 2007, and every three years thereafter, and to report its findings to the Board of Administration and the Legislature.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation on 4-A.

Debbie Endsley, representing Michael Navarro, abstained from voting.

Public comments were received from the following:

Mike Richard, CSEA Retired Division Bill Duclus, RPEA

4-B. Support, on AB 2244 (APER&SS). This bill would propose a clarifying amendment to the Public Employees' Retirement Law to reestablish the state of the law related to disability retirement as it was administered and applied by CalPERS for over 30 years prior to the Supreme Court's decision in Nolan v City of Anaheim, (2004) 33 Cal. 4<sup>th</sup> 335. This bill also contains other technical changes to the laws CalPERS administers.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation on 4-B.

Public comment was received from Ray Snodgrass, CDF Firefighters.

4-C. Neutral, on AB 2766 (Montanez). This bill will provide industrial disability retirement and special death benefits to miscellaneous members of Bargaining Unit 12 employed by the Department of Transportation and remove the requirement that this be subject to a memorandum of understanding between the bargaining unit and the Department of Personnel Administration.

- Ms. Endsley indicated that although DPA is in support of the concept, DPA will vote no because this would circumvent the bargaining process.
- On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation on 4-C.
- 4-D. Neutral, with suggested amendments on SB 1187 (Ackerman). This bill would authorize CalPERS to offer the option of an actuarially equivalent lifetime annuity to a vested judge under the Judges' Retirement System II who leaves judicial office before becoming eligible for normal retirement and wishes to convert the lump-sum payout to an actuarially equivalent.
  - On **MOTION** by Mr. Feckner, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation on 4-D.
- 4-E. Neutral, with suggested amendments on SB 1273 (Soto). This bill would define as a "public agency" an area agency on aging for the purposes of contracting with CalPERS for retirement and health coverage. The status of this entity as a "public agency" would be conditioned upon obtaining a written advisory opinion from the Department of Labor that the organization is an agency or instrumentality of state government or a political subdivision thereof.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation on 4-E.

### AGENDA ITEM 5 – JUNE 30, 2005 VOLUNTEER FIREFIGHTERS' LENGTH OF SERVICE AWARD SYSTEM VALUATION AND CERTIFICATION

Barbara Ware, Senior Pension Actuary, presented this item recommending that the Board approve the June 30, 2005 VFLSAS Actuarial Valuation Report and adoption of a rate of \$340.34 per active member for existing entities and a rate of \$288.63 per active member for new entities and no payment of the Supplemental Award for fiscal year July 1, 2006 through June 30, 2007. The rate is set in two parts: the cost of the benefits is \$204.65 per active member, and the cost of the administrative expenses is \$135.69 per active member to be prorated in case of a partial year.

On **MOTION** by Ms. Endsley, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation.

### AGENDA ITEM 6 – JUNE 30, 2005 JUDGES' RETIREMENT SYSTEM ACTUARIAL VALUATION REPORT

Gale Patrick, Senior Pension Actuary, presented this item recommending that the Board approve the June 30, 2005 Judges' Retirement System Actuarial Valuation Report.

It is also recommended that the Board strongly urge the California Legislature and Governor to adopt an employer contribution schedule that properly funds the Judges' Retirement System.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation.

### AGENDA ITEM 7 – JUNE 30, 2005 JUDGES' RETIREMENT SYSTEM II ACTUARIAL VALUATION REPORT

Nancy Campbell, Senior Pension Actuary, presented this item recommending that the Board approve the June 30, 2005 Judges' Retirement System II Actuarial Valuation Report with adoption of an employer contribution rate of 19.917% as well as an 8.0% contribution rate for all members for the period of July 1, 2006 to June 30, 2007.

On **MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, the Committee recommended that the Board approve staff's recommendation.

## AGENDA ITEM 8 – MEMBERS AND BENEFIT SERVICES BRANCH EFFECTIVENESS MEASURES

Kathie Vaughn, Assistant Executive Officer, presented this report which included the 2<sup>nd</sup> Quarter MBSB Effectiveness Measures for the quarter ended December 31, 2005, a plan to hire a Performance Management Consultant, and additional workload tracking tools used within the branch.

Discussion followed regarding the workload and queue times in the Customer Contact Center.

#### AGENDA ITEM 9 – CHIEF ACTUARY REPORT

Ron Seeling, Chief Actuary, had nothing further to report

### AGENDA ITEM 10 - ASSISTANT EXECUTIVE OFFICER REPORT

Ms. Vaughn provided a brief update on the CalPERS Retirement Planning and Resources Fairs that are scheduled in May and June 2006 at 19 locations in 10 cities throughout California.

Ms. Mathur asked that evaluation statistics and feedback for each Retirement Fair location by brought to a future BPAC meeting.

### AGENDA ITEM 11 - DRAFT AGENDA FOR MAY 16, 2006 BPAC MEETING

The following additions were made:

Annual Request for Reimbursement to Employers of Elected Board Members.

#### **AGENDA ITEM 12 - PUBLIC COMMENT**

There was no public comment.

The next meeting of the Benefits and Program Administration Committee is scheduled for May 16, 2006 in Sacramento, CA.

FRED BUENROSTRO	
Chief Executive Officer	